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## *The Federal Circuit Offers Guidance on Appealability and the Claim Construction Standard in Inter Partes Review Proceedings*

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On February 4, the Federal Circuit held, *inter alia*, that it lacked jurisdiction to review the Patent Trial and Appeal Board's (the "Board") decision to institute *inter partes* review ("IPR"). The Court also held that the Board must construe claim terms under the "broadest reasonable interpretation" standard during an IPR, as the United States Patent and Trademark Office ("PTO") has been doing in other proceedings for over a century. *In re Cuozzo Speed Tech., LLC*, No. 14-301 (Fed. Cir. Feb. 4, 2015). This standard contrasts with the standard federal district courts are required to apply when construing a claim term: the meaning that the term would have to a person of ordinary skill in the art in question at the time of the invention. *See, e.g., Phillips v. AWH Corp.*, 415 F.3d 1303, 1312-13 (Fed. Cir. 2005).

The appeal arose from a patent dispute between Cuozzo Speed Technologies ("Cuozzo") and Garmin USA, Inc. ("Garmin") concerning Cuozzo's U.S. Patent No. 6,778,074 (the "'074 patent"). The '074 patent is directed to a device that alerts automobile drivers that they are speeding. Garmin petitioned the PTO to review the '074 patent, and the Board initiated an IPR of three claims. The Board issued a final decision finding the three claims obvious, and denied Cuozzo's motion to amend the '074 patent. Cuozzo appealed the decision on four grounds: (1) the PTO's decision to institute the review of two of the claims in the first place, (2) the Board's application of the "broadest reasonable interpretation" standard, (3) the Board's obviousness determination, and (4) the denial of Cuozzo's motion to amend. The Federal Circuit affirmed the decision in all respects.

### **Reviewing the PTO's Decision to Institute an IPR**

As an initial matter, the Federal Circuit opined on the reviewability of the PTO's decision to grant a petition for an IPR. In this case, Cuozzo argued that the PTO erred in granting Garmin's request for IPR of two claims because it relied on prior art not identified by Garmin for those claims. *Slip op.* at 5. Previously, the Federal Circuit held that 35 U.S.C. § 314(d) precludes interlocutory review of the Board's decision to institute IPR. In this case, based on a plain-language interpretation of the statute, the Court reasoned that 35 U.S.C. § 314(d) also precludes review after a final determination. The Court noted, however, that mandamus may be available to review the Board's decision to institute an IPR after the Board's final decision in situations "where the PTO has clearly and indisputably exceeded its authority." *Id.* at 8.

## **Broadest Reasonable Interpretation**

The Federal Circuit next turned to claim construction. It noted that the America Invents Act (“AIA”) created the right for the PTO to conduct IPR’s, and granted the PTO rule making authority under 35 U.S.C. § 316(a)(2) and (a)(4) for such proceedings. *Slip op.* at 11. The AIA did not, however, provide the standard the PTO should use in construing claim terms. *Id.* Nevertheless, for over 100 years, the PTO has applied the “broadest reasonable interpretation” standard in various PTO proceedings, “including initial examinations, interferences, and post-grant proceedings such as reissues and reexaminations.” *Slip op.* at 13. Moreover, the Court noted that it has repeatedly approved applying this standard. *Id.* (citing *In re Yamamoto*, 740 F.2d 1569, 1571-72 (Fed. Cir. 1984) (reexaminations); *In re Reuter*, 670 F.2d 1015, 1019 (CCPA 1981) (reissues); *Reese v. Hurst*, 661 F.2d 1222, 1236 (CCPA 1981) (interferences); *In re Prater*, 415 F.2d 1393, 1404–05 (CCPA 1969) (examinations)).

Thus, the Court concluded that, because Congress was well aware of the PTO’s practice in applying the “broadest reasonable interpretation” standard, and it failed to address the issue in the AIA, it can “be inferred that Congress impliedly adopted the existing rule.” *Slip op.* at 14. As a matter of policy, the Court found that “[a]pplying the broadest reasonable interpretation standard reduce[s] the possibility that, after the patent is granted, the claims may be interpreted as giving broader coverage than is justified.” *Id.* at 13 (citations omitted).

## **Determination of Obviousness**

The Federal Circuit next reviewed the Board’s claim construction under *Teva Pharmaceuticals U.S.A. v. Sandoz, Inc.*, 135 S. Ct. 831, 841 (2015). Relying on *Teva*, the Court noted that it reviews underlying factual determinations concerning extrinsic evidence for substantial evidence and the ultimate construction of the claim *de novo*. Because there was not an issue as to extrinsic evidence, it reviewed the claim construction *de novo*.

The Board construed the term “integrally attached” to mean “discrete parts physically joined together as a unit without each part losing its own separate identity.” *Slip op.* at 19. *Cuozzo* argued the term should mean “joined or combined to work as a complete unit.” *Id.* The Federal Circuit agreed with the Board that the word “attached” must be given some meaning, and that it would “be illogical to regard one unit as being ‘attached’ to itself.” *Id.* at 20. Thus, finding no error in the Board’s construction, the Federal Circuit applied it to the prior art and affirmed the Board’s decision that the claims are obvious.

## **Review of Denial to Amend**

*Cuozzo* sought to amend the claims during the IPR by replacing one of the claims. The Board denied the motion, reasoning that the substitute claim impermissibly expanded the scope of what was originally claimed in contravention of 35 U.S.C. § 316(d)(3) and 37 C.F.R. § 42.221(a)(2)(ii). The Federal Circuit agreed with the Board’s conclusion. It noted that “[i]n [the context of reissue and reexamination proceedings], we have applied the test that a claim ‘is broader in scope than the original claims if it contains within its scope any conceivable apparatus or process which would not have infringed the original patent.’” *Slip op.* at 25. (quoting *Tillotson, Ltd. v. Walbro Corp.*, 831 F.2d 1033, 1037 n.2 (Fed. Cir. 1987) (in the reissue context); see *In re Freeman*, 30 F.3d 1459, 1464 (Fed. Cir. 1994) (quoting *Tillotson*, 831 F.2d at 1037 n.2) (in the reexamination context)).

## **Judge Newman’s Dissent**

Judge Newman dissented. She disagreed with the majority’s holding that the “broadest reasonable interpretation” standard should be applied to IPRs. She also disagreed with the majority’s holding that

a decision to institute is not reviewable, noting that the majority's ruling impedes full judicial review of the Board's final decision. According to her, many other aspects of the AIA were incorrectly or confusingly treated by the majority.

## Conclusion

This is an important decision as it addresses issues that arise in nearly every IPR proceeding, *i.e.*, claim construction and what is appealable. Given the dissent, and the fundamental impact that this decision will have on IPRs, it appears that *en banc* review may be forthcoming.

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